

ORIGINAL

MONTGOMERY COUNTY WATER DISTRICT #1
4412 Camargo Road
Mt. Sterling, KY 40353

Phone: (859) 498-0521

Fax: (859) 498-0872

June 26, 2015

Jeff Derouen
Executive Director
KY Public Service Commission
PO Box 615
Frankfort, KY. 40602

RECEIVED

JUL 20 2015

**PUBLIC SERVICE
COMMISSION**

RE: Formal Application for a Purchased Water Agreement

This is an application for a purchased water rate adjustment for the Montgomery County Water District #1. The adjustment is necessary to recover an increase in the cost of water attributable to our supplier's new wholesale rates that will become effective August 01, 2015.

The District will publish the notice of the new rates in the local newspaper no later than the issuance of the first bill at the increased rate.

Sincerely;

Sandra Cole
enclosure

**PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)**

Name of Utility	Montgomery County Water District #1	
Date	July 01, 2015	
Address	4412 Camargo Road	
City, State, Zip	Mt. Sterling, Ky. 40353	
Telephone Number	(859) 498-0521	

1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.


Supplier(s)	Base Rate	Changed Rate
Mt. Sterling Water & Sewer	2.77	2.85

1.b. A copy of the supplier's notice of the changed rate showing the effective date of the increase is attached as Exhibit A

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From	June 2014	through	May 2015
	(month and year)		(month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

Supplier(s)	Gallons Purchased during 12 month period
Mt. Sterling Water & Sewer	42,996,535
TOTAL PURCHASES	42,996,535
4. Total gallons sold for the 12 month period	34,644,070
5. Increased water cost	3439.72
The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.	
6. Purchased water adjustment factor	.10
The purchased water adjustment factor is obtained by dividing the increased cost of water by the total gallons sold.	
<p>Note: The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.</p>	
7. Proposed effective date	August 01, 2015
	
Signature of Utility Officer	
Chairman	
Title	

MT. STERLING WATER & SEWER SYSTEM

POST OFFICE BOX 392 - 300 EAST MAIN STREET
MOUNT STERLING, KENTUCKY 40353-0392

June 24, 2015

Exhibit A

Sandra Cole
Montgomery County Water District
4412 Camargo Road
Mount Sterling, Kentucky 40353

Re: Wholesale Rate Increase

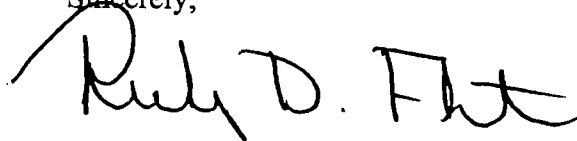
Sandra,

The purpose of this letter is to advise you that our utility, Mt. Sterling Water and Sewer (Mt. Sterling), is in the process of requesting approval from the Public Service Commission (PSC) to raise wholesale water rates charged to water districts/associations. This increase is based on both a Rate and Cost of Service study which was conducted in June of last year, 2014, on our behalf by Norbourne and Associates. At the time this particular study indicated a rate increase of 29.23% was justifiable, although we elected only to increase rates by a factor of 12.6%. This left a revenue shortfall a 16.6% when compared to anticipated expenses and depreciation costs.

In an effort to avoid adding to our budget deficit the board of commissioners, at the June 15th meeting, elected to approve a water rate increase of 3% for the 2015/2016 fiscal year. As a result our utility has petitioned the PSC to consider an increase of that amount to the wholesale water rate. A rate modification request has been filed with the PSC, which will include a tariff asking for approval to alter our current wholesale rates from \$2.77/1,000 gallons up to \$2.85. We have requested approval that this increase be effective August 1, 2015. Should this increase be approved it will be reflected in the September billing. This notice is being provided in order to comply with a PSC statute requiring that effected wholesale customers receive notice of any increase a minimum of 30 days prior to the implementation of said increase. Included please find a copy of the tariff in question, PSC notification and an excerpt of the findings from the cost of service and rate study referenced.

In closing, thank you for your understanding as well as your cooperation concerning this matter. As an operator of a water utility, I'm sure you can appreciate the fact that keeping up with rising costs are a struggle, not to mention the enormous cost associated with the upkeep and replacement of aging infrastructure. However, should you have questions or comments related to this increase please contact me at (859) 498-0166.

Sincerely,



Rick Fletcher
Manager
Mount Sterling Water and Sewer

**MONTGOMERY COUNTY WATER DISTRICT #1
4412 Camargo Road
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Monthly Water Rates

CURRENT

\$22.65 Minimum Bill

Next 3,000 Gal. \$7.18 Per 1000 Gal.

Next 5,000 Gal. \$6.46 Per 1000 Gal.

Over 10,000 Gal. \$5.74 Per 1000 Gal.

Wholesale Customers \$2.99 Per 1,000 Gal

PROPOSED

\$22.85 Minimum Bill

\$7.28 Per 1,000 Gallon

\$6.56 Per 1,000 Gallon

\$5.84 Per 1,000 Gallon

\$3.09 Per 1,000 Gal.

We are an equal opportunity provider and employer

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Mt. Sterling, KY 40353

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Water Sold 2014-2015

June	3,618,840
July	3,350,280
August	3,198,650
September	2,660,000
October	2,585,240
November	2,769,800
December	2,762,330
January	2,371,920
February	2,780,810
March	3,117,410
April	2,825,540
May	2,603,250
TOTAL	34,644,070

Customer History Report

Service Type All **Use Reading Factor** **Print Transaction in Descending Order**
AR Code WTR Water Billing - Charge **Start Balance With Zero**
Beginning Date 08/01/2014 **Print Breakdown By** Transaction Service Taxes Totals Only
Ending Date 05/31/2015

History For Account 0018-00400-001 Water, Montgomery County

Tran Date	Post Date	Code	Description	Service Desc	Service Usage	Service Local Tax	Surcharge1 State Tax	Surcharge2 Penalty	Unapplied	Balance
06/09/14	06/09/14	WTR	Water Billing	WATER	02	\$9,722.25	\$0.00	\$0.00		
	keyes				3,852,133	\$0.00	\$0.00	\$0.00	\$0.00	\$9,722.25
07/09/14	07/09/14	WTR	Water Billing	WATER	02	\$9,161.39	\$0.00	\$0.00		
	llsam				3,724,142	\$0.00	\$0.00	\$0.00	\$0.00	\$9,161.39
08/08/14	08/08/14	WTR	Water Billing	WATER	02	\$9,460.77	\$0.00	\$0.00		
	connie				3,845,842	\$0.00	\$0.00	\$0.00	\$0.00	\$9,460.77
09/09/14	09/09/14	WTR	Water Billing	WATER	02	\$9,550.49	\$0.00	\$0.00		
	keyes				3,447,832	\$0.00	\$0.00	\$0.00	\$0.00	\$9,550.49
10/09/14	10/09/14	WTR	Water Billing	WATER	02	\$10,332.24	\$0.00	\$0.00		
	keyes				3,730,052	\$0.00	\$0.00	\$0.00	\$0.00	\$10,332.24
11/07/14	11/07/14	WTR	Water Billing	WATER	02	\$9,098.80	\$0.00	\$0.00		
	keyes				3,284,787	\$0.00	\$0.00	\$0.00	\$0.00	\$9,098.80
12/08/14	12/08/14	WTR	Water Billing	WATER	02	\$9,715.00	\$0.00	\$0.00		
	keyes				3,507,222	\$0.00	\$0.00	\$0.00	\$0.00	\$9,715.00
01/08/15	01/08/15	WTR	Water Billing	WATER	02	\$8,597.18	\$0.00	\$0.00		
	keyes				3,103,878	\$0.00	\$0.00	\$0.00	\$0.00	\$8,597.18
02/09/15	02/09/15	WTR	Water Billing	WATER	02	\$8,886.64	\$0.00	\$0.00		
	keyes				3,208,172	\$0.00	\$0.00	\$0.00	\$0.00	\$8,886.64
03/09/15	03/09/15	WTR	Water Billing	WATER	02	\$12,188.30	\$0.00	\$0.00		
	keyes				4,400,110	\$0.00	\$0.00	\$0.00	\$0.00	\$12,188.30
04/09/15	04/09/15	WTR	Water Billing	WATER	02	\$11,166.21	\$0.00	\$0.00		
	llsam				4,031,121	\$0.00	\$0.00	\$0.00	\$0.00	\$11,166.21
05/08/15	05/08/15	WTR	Water Billing	WATER	02	\$7,649.28	\$0.00	\$0.00		
	keyes				2,781,468	\$0.00	\$0.00	\$0.00	\$0.00	\$7,649.28
Total For Selection						\$115,528.53	\$0.00	\$0.00		
						\$0.00	\$0.00	\$0.00	\$0.00	\$115,528.53
Ending Balance						\$0.00	\$0.00	\$0.00		
						\$0.00	\$0.00	\$0.00	\$0.00	\$0.00